

If you are involved in an accident and have a claim, there are certain things that you should do:

- ◇ Call the police – even if it is an accident where the police do not normally respond.
- ◇ Get the name, address, registration number, insurance company name and operator's license number of all vehicles and operators involved.
- ◇ Note the time, date, location, road conditions, make and year of vehicles involved, apparent damage and injuries, and your version of what happened. Make a diagram of the accident scene.
- ◇ Notify your insurance agent or company as soon as possible.
- ◇ Obtain the names and addresses of all witnesses and individuals involved in the accident.
- ◇ Take reasonable steps to protect your property from further damage.

If you have a loss, notify your company promptly. Make copies of the completed forms to keep for yourself. After the company is informed of your claim, they should send you any needed forms to verify your claim. The claim should be paid promptly after the company has received adequate proof of loss. If the company rejects your claim or pays only part of it, you should be provided an explanation in writing. If you believe your insurer has refused to pay all of part of a valid claim, you should first contact them. If you don't get a prompt, satisfactory response, contact MID.

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Automobile Insurance Consumer's Guide



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MISSISSIPPI INSURANCE
DEPARTMENT

Buying Auto Insurance

Although Mississippi's auto insurance rates compare favorably to other parts of the United States – where a year's premium on a vehicle can cost thousands of dollars – automobile insurance remains a very important purchase for most Mississippians. To get the best value for your money, you must take responsibility for your auto insurance purchase. This guide shows you how to lower your cost and get more for your money.



Mike Chaney

• What the law requires

Mississippi law requires that all drivers maintain liability insurance and carry a card in their vehicles at all times showing that you have liability insurance. On January 1, 2006, the minimum liability requirements increased to the following: \$25,000 per person (limited to a single accident), \$50,000 per accident for bodily injury, and \$25,000 per accident for property damage. Technically, you, as a Mississippi driver, can legally satisfy these requirements by:

- ◇ Showing proof of liability insurance with bodily injury and property damage limits at least equal to the minimum requirement.
- ◇ Posting a bond for these same amounts.
- ◇ Making a cash or security deposit equal to the minimum requirements.

However, for the vast majority of people, automobile liability insurance is the most effective way to protect yourself financially in case of an automobile accident. Maintaining it in your vehicle is now the law. State law says that a law enforcement officer cannot stop you solely to check if you have an insurance card, but he or she can ask you for proof of insurance during a stop for any other statutory violation. The initial penalty for failing to maintain an insurance card is \$1,000 and suspension of driving privileges for one year or until the motor vehicle owner shows proof of insurance.

Liability: What you need to know

Liability coverage pays for damage you cause to other people and their property. It protects your assets and wages from seizure and litigation. However, you should realize that in today's era of ever-rising medical costs and auto repair bills, the state-mandated minimum requirements of 25/50/25 may not be sufficient. It is a good idea to consider purchasing liability coverage with higher limits. Remember, if you are at fault in an accident, liability coverage will only pay up to your limits of insurance. You will be responsible for any damages over that amount. You will need to purchase other kinds of coverage if you want the insurance company to pay for your medical bills and vehicle repairs.

• Know what your policy covers

Many states with compulsory liability laws still have substantial numbers of uninsured motorists – those without any form of automobile insurance. If an uninsured motorist hits your car, you may not be able to collect damages. However, if you purchase Uninsured/Underinsured Motorists (UM/UIM) protection, you can make a claim for your injuries or damages through your own insurance company.

Other optional coverages that can be added to your auto insurance policy include collision, comprehensive, and medical payments components. Collision coverage will pay for the cost of repairing damage to your car caused by an impact with a vehicle or object. Comprehensive coverage will reimburse you if your car is stolen. Medical payments coverage will pay the expenses of persons injured in an accident regardless of fault. If your car was financed, most often your lender will require you to carry collision and comprehensive coverage.

It is possible to cut your collision and comprehensive premiums by raising your deductibles. If you have an older car, you could opt to forego the collision and comprehensive coverages altogether. Because the value of a

car is based on its age and condition, these factors will be considered in the amount you can recover in the event of a loss. If you have health insurance, medical payments coverage may not be necessary.



Need help?
Contact MID at
800 562 2957

• Shopping for auto insurance

Ultimately, you will be making your decision on how much auto insurance to purchase based on what you can afford. Insurance companies write policies in many different ways:

- ◇ directly to consumers via telephone or the Internet,

- ◇ through independent agents who represent more than one company,
- ◇ through captive agents who represent one company.

In order to find the best possible rate, we suggest you contact many different agents and companies. You may want to make a worksheet to help you keep track of the auto insurance quotes you get from different companies. A good place to start is the MID Auto/Home Rate Comparison Guide located at the MID web site at www.mid.state.ms.us/publist.html. Here you can find price comparisons of the largest auto and homeowners insurers in Mississippi.

Also, it is a good idea to keep track of the discounts offered by each company. If you own two or more cars and have all your auto insurance with one company, you are often eligible for a discount under a “multi-car” plan. Some companies offer discounts to farmers, good students, and others. Often, a discount is offered for drivers over 55 who pass a special driving course.

Additional discounts are given on equipment in your car such as anti-lock brakes, anti-theft devices, air bags, and automatic seat belts. On average, a five percent discount is given on such equipment. Taking a defensive driving course can reduce your liability and collision premiums. Young drivers who take driver education also can get a similar discount.

• Keeping costs low...

There are many things you can do to keep the cost of automobile insurance as low as possible. Here are a few tips:

- ◇ Maintain a good driving record.
- ◇ Ask about discounts.
- ◇ Take the highest deductible you can afford if you opt to carry collision and comprehensive coverage.
- ◇ Before buying a vehicle, determine the cost of insuring it. High-performance vehicles mean higher insurance rates. If you are financing a vehicle, chances are the lender will require you to take out comprehensive and collision insurance, which will drive your insurance costs up.
- ◇ If your car is paid-for and has a low market value, consider forgoing comprehensive and collision insurance. You may be paying more in premiums that you would receive if your car was damaged or stolen.
- ◇ Generally, it is cheaper for young drivers to be included on their parents’ policy than to have one on their own. Young drivers also can get good-student discounts with some companies.
- ◇ Pay your insurance in a timely manner. If you are cancelled for non-payment of premium, it will be harder to find a company willing to cover you.
- ◇ Review your policy periodically and update coverage accordingly.

• Without sacrificing quality...

While it is important to keep the cost of automobile insurance low, price should not be the only consideration when you are shopping for insurance. As the saying goes, you get what you pay for. In addition to comparing prices, it is a good idea to compare the financial strength of a company, its reputation for service, specific coverages, discounts and other benefits they offer.

A claims-paying ability rating – indicating how well prepared an insurance company is to pay out claims – is a good indicator of a company’s financial strength. Some of the most well known rating companies are A.M. Best, Standard & Poor’s, Duff & Phelps Credit Rating Co., Moody’s Investors Service, and Weiss Ratings. Ratings from many of these services can be found at the public library or on the Internet. A list of major rating companies, their phone numbers, and their Internet addresses are located at www.mid.state.ms.us/consumer/ratingservices.html. (MID is unable to recommend or provide ratings of individual companies.)

If you have a claim...

If you want to know the claims-paying ability rating of a particular insurance company, ask an agent or company representative. Compare how the company stacks up to the other rated companies. If you have trouble getting the information from the company itself, you may want to think twice about buying from them.

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